merchants here or big companies like the Burmah Shell and the Standard Vacuum Oil companies are familiar with a particular mode of income-tax assessment, and unless we keep our law on an identical basis it will be extraordinarily difficult and the interests of our State will suffer. With that idea Government have drafted an Income-tax Bill which practically follows the new British Indian Income-tax Act with only one or two slight modifications to suit our local conditions. There is really not much scope for us to make alterations in the draft which the Government have placed before the House. I would suggest therefore that it is not advisable to take up much time of the House at this stage when we are referring the Bill to a Select Committee. I hope even the Select Committee would introduce only such changes as may be absolutely necessary to suit local conditions and not tamper with the main structure of the Bill.

The House rose for lunch at 1-15 p.m. and re-assembled at 2-45 p.m. with M.R. Ry. K. Ayyappan Avl., Deputy President in the Chair.

The Cochin Income-tax Bill

Mr. K. Achyuta Menon *(Secretary to Government):* Sir, I rise to move that the Cochin Income-tax Bill be read in Council.

Mr. M. Sivarama Menon *(Advocate-General):* I second it.

Mr. K. Achyuta Menon *(Secretary to Government):* Sir, I will just state a few words with respect to the Bill. My task has been lightened by the statement of the Hon'ble President just before we rose for lunch. In the year 1936, an Indian Income-tax Enquiry Committee sat and made elaborate recommendations. Their report of 1936 was published and the object of the Bill which was passed in British India was to give effect to their recommendations or so far as those recommendations that have been accepted by Government and to make such amendments in the Indian Income-tax Act of 1922 as experience had shown to be necessary in its working and desirable. It is a very comprehensive piece of legislation and as has been explained by the President, it is highly essential that in taxing statutes of this kind there should be uniformity between legislation here and legislation in British India especially when the assessees here are assessees in British India also. At this stage I do not think it is necessary for me to make any set speech so far as the scope of each section is concerned. I wish to point out that the only difference which we have made between the Indian Income-tax Act and the proposed Bill is with regard to the taxability of foreign income. The principle there is that even if foreign income is not brought into British India, it is still taxable. But we have retained still our old

LIBRARY ARCHIVES Kerala Legislative Assembly

provision that only if income is brought into Cochin that it becomes taxable. Otherwise, we have made no departure from the Indian Income-tax Act.

The Indian Income-tax Act and our present Bill make several departures designed to help the assessees. One important difference in taxation is the adoption of the slab system. It is highly technical. In brief it only means that with respect to incomes between a given minimum and maximum there is the same scale. It is a more reasonable and equitable form of taxation.

Then, there are several provisions designed to prevent evasions. For example, there may be cases where a person divides his income and settles portions on his sons or daughters to evade payment of income-tax. Numerous cases of this nature have occurred. Then there are evasions in the case of charitable institutions. There were certain exemptions with regard to charitable societies and some of the trustees were abusing such provisions. Necessary provisions have been incorporated in the Bill to meet this. These are all matters for the Select Committee to consider. I submit the principles should commend itself to the hon'ble members of the House.

Motion put and carried

Secretary to the Council: The title of the Bill is "The Cochin Income-tax Bill"

Mr. K. Achyuta Menon *(Secretary to Government):* Sir, I move that the Bill be referred to a Select Committee consisting of the Advocate-General, Messrs. C. R. Iyyunni, A. Eachara Menon, A. L. Antony, N. Govinda Pai, T. P. Poulose and the mover.

Mr. M. Sivarama Menon *(Advocate-General):* I beg to second it.

Motion put and carried

Deputy President: The Secretary to Government will be the Chairman. The Committee will submit its report within three months.

The Cochin Registration of Literary, Scientific and Charitable Societies Act (Amendment) Bill

Mr. K. Achyuta Menon *(Secretary to Government):* Sir, I rise to move that the Cochin Registration of Literary, Scientific and Charitable Societies Act (Amendment) Bill be read in Council.

Mr. M. Sivarama Menon *(Advocate-General):* I second it.

Mr. P. Govinda Menon *(Mulakunnathukavu):* Sir, I rise to oppose the motion. This is one of the most interesting pieces of legislation that I have come across in my experience. It pretends to

LIBRARY ARCHIVES Kerala Legislative Assembly